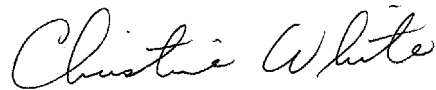


For: State and County Offices

**Beneficial Interest Provisions for Contract
Commodities on Noncontract Farms**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A

Background

The Agricultural Risk Protection Act of 2000 (ARPA) amended the Federal Agriculture Improvement and Reform Act of 1996 to provide a transition period for beneficial interest requirements allowing producers growing an Agricultural Market Transition Act contract commodity on a farm with no PFC to be eligible for LDP's on 2000 crop production, even though the producer may have already marketed the commodity.

ARPA also provides that eligible producers are allowed an exception to the beneficial interest provisions for a period of 30 calendar days after the publication of the regulation in FR.

B

Purpose

This notice informs State and County Offices of:

- the expansion of producers eligible for LDP's
- the transition period for beneficial interest requirements
- a special provision for producers of 2000 crop contract commodities on a farm not covered by PFC
- further clarification of key provisions.

Disposal Date	Distribution
January 1, 2001	State Offices; State Offices relay to County Offices

2 Expansion of Producers Eligible for LDP's

A

General

CCC shall make LDP's available on all contract commodities harvested on a farm without PFC. Producers who have already marketed the commodity may be eligible for LDP, based on the date beneficial interest was lost.

All other eligibility requirements remain in place.

B

Producers With PFC

Producers with PFC in place must request a loan or LDP before beneficial interest is lost.

C

Producers Without PFC

Producers without PFC in place:

- are not required to have beneficial interest on the date of the request for LDP if the commodity was harvested and marketed from harvest until 30 calendar days after the regulation is published in FR, but not beyond
- who have not lost beneficial interest, may request LDP in the normal manner
- can apply anytime before the final loan availability date.

Note: On the 31st day after the regulation is published in FR, producers with or without PFC must maintain beneficial interest in the commodity through the date of request for a loan or LDP.

D

Nonexempt Producers

Producers must maintain beneficial interest in the commodity according to 8-LP, subparagraph 129 A for all commodities, except cotton, and 7-CN, subparagraph 17 A for cotton, if:

- commodities are harvested and **not** marketed on or before 30 calendar days after the publication of the regulation
 - commodities are harvested and marketed more than 30 calendar days after the publication of the regulation
 - producer has PFC in place.
-

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2 Expansion of Producers Eligible for LDP's (Continued)

E

Beneficial

Interest

Applicability

These beneficial interest provisions apply to:

- 2000 crop year production **only**
 - 2000 crop year LDP's
 - farms not covered under PFC
 - commodities harvested and marketed on or before 30 calendar days after the regulation is published in FR
 - commodities for which no LDP has been paid
 - producers meeting all other eligibility requirements.
-

F

Special Provision for Crop Year 2000

Subject to certain conditions, a producer will be allowed to receive LDP for contract commodities harvested from a farm without PFC, even though the producer has already marketed the commodity.

The conditions are as follows:

- no one has previously received a marketing loan gain or LDP for the commodity, the producer seeking payment was the actual producer of the commodity, and the producer had beneficial interest in the commodity at the time of the marketing
 - the producer will receive the payment as LDP, in which case the amount to be paid will be determined as of the date the producer marketed or lost beneficial interest in the commodity
 - the commodities were harvested and marketed by the producer on or before 30 calendar days after the regulation is published in FR
 - the producer is eligible for nonrecourse marketing assistance loans, including filing:
 - AD-1026, according to 6-CP
 - CCC-502, according to 1-PL
 - FSA-578, plus applicable late filing fees, according to 2-CP.
-

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2 Expansion of Producers Eligible for LDP's (Continued)

G

Transition Period

The transition period for beneficial interest requirements provided for by ARPA applies to producers who harvested and marketed a contract commodity on a farm not covered by PFC **on or before** 30 calendar days after the regulation is published in FR.

H

LDP Rate

For commodities harvested and marketed **before or during** the 30 calendar days after the regulation is published in FR from a farm without PFC, the LDP rate shall be the rate in effect on the day the producer lost beneficial interest in the commodity.

For:

- fed commodities, allow producers to certify the quantity and date fed, use the LDP rate in effect on the date fed in the county where the commodity was fed
- quantities used for seed, allow producers to certify the quantity and date seeded, use the LDP rate in effect on the date seeded and in the county when the commodity was used as seed
- quantities sold, obtain production evidence according to 8-LP and use the LDP rate in effect on the date sold and in the county where the commodities were delivered.

Note: The date the commodity was sold is defined as the date beneficial interest was lost.

3 Action

A

State Office Action

State Offices shall:

- immediately publicize the contents of this notice to the maximum extent possible
 - instruct County Offices to immediately notify producers of the contents of this notice using all available sources.
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3 Action (Continued)

B

**County Office
Action**

County Offices shall:

- notify all producers immediately of the contents of this notice
- publicize using all available sources
- include in publicity:
 - producers with contract commodities on noncontract farms are eligible for LDP on 2000 crop year production
 - producers are afforded an exception to the beneficial interest provisions for a period of time that extends for 30 calendar days after the publication of the regulation in FR
 - producers **must** meet all other eligibility requirements
- allow producers to request LDP using CCC-666 LDP
- use the LDP rate in effect on the date beneficial interest is lost, according to subparagraph 2 E.

Producers are required to submit documentation of date commodity was sold or delivered to determine the date of sale or delivery.
